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TELEGRAM

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PAGE 01 BUENOS 02020 190006Z
ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 0062

C O N F I D E N T I A L BUENOS AIRES 2020

E.O. 11652: GDS
TAGS: PINS SNAR AR
SUBJECT: SUMMARY OF BASIC ELEMENTS INVOLVED IN GRAIVER SCANDAL

1. EMBASSY'S SUMMARY OF INFORMATION LEAKED TO THE PRESS THUS FAR CONCERNING ALLEGED FINDINGS OF THE MILITARY INVESTIGATION OF THE GRAIVER AFFAIR BEING SUBMITTED BY SEPTEL. PRESS OVER THE LAST FEW DAYS HAS HAD A FIELD DAY REPORTING A COMPLICATED SERIES OF ALLEGATIONS INVOLVING A WIDE RANGE OF INDIVIDUALS AND POTENTIALLY BEING OF GREAT POLITICAL SIGNIFICANCE. OBJECTIVE OF THIS CABLE IS TO SUMMARIZE WHAT APPEARS AT THIS POINT TO BE THE MAIN ELEMENTS OR ISSUES INVOLVED, AS FOLLOWS:
(A) OVER THE PAST SEVERAL WEEKS THERE HAS BEEN A SPATE OF KIDNAPPINGS OF JOURNALISTS, AT LEAST SOME OF WHOM MA. BE RELATED TO THE CONTAIN INVESTIGATION OF THE GRAIVER AFFAIR. IN THE CASE OF TIMERMAN AND JAKA OF LA OPINION, THE MIDNIGHT SEIZURES HAVE BEEN--OCCASIONALLY--ACKNOWLEDGED BY MILITARY AUTHORITIES AS HAVING BEEN OFFICIAL DETENTIONS. THE FOLLOWING OTHER DISAPPEARANCE HAVE NOT YET BEEN EXPLAINED: HECTOR PEDROSO, FORMER TELAM REPORTER AND REPORTEDLY A COLLABORATOR OF BOTH EX-PRESIDENT LANUSSE AND GENERAL DELLA TEA, WAS FOUND SHOT TO DEATH IN A FIELD ON APRIL 6; EDGARDO SAJON, FORMER PRESS SECRETARY IN THE LANUSSE GOVERNMENT AND A LA OPINION PRINTING DEPT HEAD DISAPPEARED OVER TWO WEEKS AGO; ENRIQUE RAAB, EX-LA OPINION REPORTER, WAS
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PAGE 02 BUENOS 02020 190006Z

ABDUCTED FROM HIS HOME ON APRIL 16 BY [illegible]

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [signature] DATE 4/20/82
ARDS XDS EXTR. DATE CIVILIAN
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS
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RELEASE DENIED
PA or EO EXEMPTION

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CLOTHES WHO MACHINEGUNNED DOWN HIS FRONT DOOR.
(B) THE INVESTIGATION OF THE GRAIVER FINANCIAL EMPIRE PRESUMABLY BEGAN A SHORT TIME OF OR SHORTLY AFTER DAVID GRAIVER'S ALLEGED DEATH IN AN AIRPLANE ACCIDENT IN AUGUST 1976 IN MEXICO. THE INVESTIGATION, ACCORDING TO NEWS LEAKS, COVERS TWO PRINCIPAL ISSUES: (1) ALLEGED SHORT SELLING OPERATIONS BETWEEN THE GRAIVER FINANCIAL INTERESTS AND THE MONTONEROS; AND (2) FRAUDULENT FINANCIAL PRACTICES OF THE GRAIVER INTERESTS AND OTHERS RELATED TO THEM. THE GENESIS OF THE SHORT SELLING CHARGES IS UNCLEAR. GRAIVER'S ALLEGED LINKS TO THE MONTONEROS ARE BASED ON THE ALLEGATIONS DEPOSITED A SUM OF MONEY ESTIMATED AS HIGH AS $17 OR $18 MILLION DOLLARS IN GRAIVER BANKS FROM WHICH THEY WERE SUPPOSEDLY FUNNELED TO ARGENTINA. THE ALLEGED [illegible] GRAIVER'S MONEY. GRAIVER ALLEGEDLY USED HIS CONTACTS AND PAID FOR SOPHISTICATED ARRANGEMENTS [illegible] GRAIVER WAS INTERFACED TO THE [illegible] BY [illegible] OVER HER BY [illegible] GRAIVER. CARLOS ALLEGEDLY WENT TO ARGENTINA IN CONNECTION WITH THE ARGENTINE BAN AND TRUST CO. OF N. Y. WHICH SUE BANK FOLLOWING GRAIVER'S DEATH.) ACCORDING TO [illegible] SOURCE, SHORTAGES WERE INTRODUCED AT A BRANCH OF [illegible] CALLED ARGENTINA BANCO [illegible] GRAIVER'S PARTICIPATION. [illegible] HAS POSSIBLE POSSIBLE BEARING ON [illegible] DEPARTMENT INVESTIGATION. IT HAS ALSO BEEN [illegible] THAT [illegible] IS JUST THE TIP OF AN ICEBERG INVOLVING A COMPLEX INTERNATIONAL NETWORK OF U.S. ITS OPERATION [illegible] AND ARE ALLEGED TO INVOLVE SUBSTANTIAL AND FINANCIAL CRIMINALITY. [illegible] REPORTS HAVE ALSO BEEN RECEIVED ABOUT AT LEAST SOME SENIOR [illegible] WHO, ACCORDING TO SOURCES, SHOULD BE CITED FOR QUESTIONABLE PRACTICES RELATED TO THE [illegible].
(C) BUT ALL REPORTS OF POSSIBLE CRIMES PECULIARLY RELATES TO THE FRAUDULENT FINANCIAL PRACTICES OF THE GRAIVER BANKS, BUT THERE HAVE BEEN HINTS IN THE PRESS THAT THE GOVERNMENT IS ALSO INVESTIGATING IRAN EMBASSY AND OTHER FRAUDULENT ACTIVITIES ON THE PART OF OTHER PUBLIC ENTERPRISES WHICH MAY OR MAY NOT BE RELATED TO THE GRAIVER INTERESTS.
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CO), THERE HAVE BEEN REPORTS THAT DAVID GRAIVER'S TOP LEGAL ADVISOR, JAMES [illegible], DIED, REPORTEDLY IN AN AUTO ACCIDENT, ALTHOUGH ANOTHER IN ANOTHER ACCOUNT HE DIED "OF A HEART ATTACK" WHILE IN CUSTODY OF SOME SECURITY AGY. ANOTHER STILL UNEXPLAINED DEVELOPMENT WAS THE REPORTED DISAPPEARANCE OF CARLOS [illegible] IN LIMA ON APRIL 12. MACHIO APPARENTLY PARTICIPATED IN THE KIDNAPPING OF EX-PRESIDENT ARAMBURU IN 1970 AND SUBSEQUENTLY WENT

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INTO EXILE IN PERU.
(E) IMMEDIATELY FOLLOWING THE ABDUCTION OF EDGARDO SAJON, EX-PRESIDENT LANUSSE MET WITH PRESIDENT VIDELA AND SHORTLY THEREAFTER ISSUED A STATEMENT THAT VIDELA TOLD HIM THE DISAPPEARANCE OF SAJON IN NO WAY WAS RELATED TO THE GRAIVER INVESTIGATION. LANUSSE WAS ATTACKED THEREAFTER BY LA NUEVA PROVINCIA, A DICTATORIAL DAILY WHICH HAS CLOSE TIES TO BUENOS AIRES PROVINCIAL GOVERNOR ST. JOAN, FOR ALLEGEDLY HAVING ATTEMPTED TO PUT PRESSURE ON VIDELA TO TURN OFF THE INVESTIGATION INTO THE GRAIVER AFFAIR. BECAUSE IT WAS INVESTIGATED MANY OF LANUSSE'S FRIENDS AND SUPPORTERS. IN ADDITION TO THE 15 RELATIVES OF CLOSE BUSINESS ASSOCIATES OF FLORIS GRAINER, WHO ACCORDING TO A MILITARY SOURCE ARE UNDER DETENTION, THE PRESS HAS ALSO REPORTED THE ARREST OF CARLOS JAMES MACKINNEZ GREGORIA, WHO IS A BUSINESS ASSOCIATE OF ROBERTO HOLMES [illegible] INC. THE INVESTIGATION OF THESE [illegible] UNION, BUT IT REMAINS UNCLEAR AT THIS POINT HOW FAR THE GOVERNMENT INTENDS TO GO AND WHERE THEY ARE REALLY AFTER. HOWEVER, IT SEEMS CLEAR THAT WHILE THERE MAY BE [illegible] UNDERSTATEMENT OF ANTI-SEMITISM INVOLVED, THIS IS NOT PREDOMINANT.)
WHAT IS CLEAR IS THAT THE PRINCIPALS BEHIND THE INVESTIGATION, SUCH AS ARMY FIRST CORPS [illegible] GENERAL SUAREZ MASON AND GOVERNOR ST. JOAN, ARE HARDLINERS [illegible] HAVE BEEN DISSATISFIED WITH VIDELA'S ALLEGED MODERATIONS IN [illegible] OF SUPPRESSING THE TERRORISTS, THE ARMED MOVEMENT AND THE [illegible] OF THE PRIVATE BUSINESS SECTOR TO HAVE ITS CUSTOMARY ECONOMIC SACRIFICE. IT WAS THOUGHT THAT VIDELA'S HAND HAD BEEN STRENGTHENED AS A RESULT OF THE SELF-EVALUATION PROCESS WHICH THE THREE ARMED SERVICES WENT THROUGH ON THE FIRST ANNIVERSARY OF THE COUP. IT IS POSSIBLE THAT THOSE BEHIND THE GRAIVER INVESTIGATION
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INTEND TO PUT NEW PRESSURES ON VIDELA TO HARDEN HIS POLICIES. IT MAY BE, AS PLANNING MINISTER DIAZ BESSONE STATED TO THE PRESS, THE MILITARY INVESTIGATORS INTEND TO "ALLOW THE CHIPS TO FALL WHERE THEY MAY." IF VIDELA SHOULD FALL BY THE WAYSIDE IN THE PROCESS, THEN SO BE IT. HOWEVER, VIDELA'S APPOINTMENT OF AN ARMY GENERAL TO TAKE OVER THE INVESTIGATION, ON BEHALF OF THE PRESIDENCY, MAY IN EFFECT HAVE FORCED THE HARDLINERS TO STEP BACK AT LEAST MOMENTARILY FROM THIS PLAN, IF INDEED THAT IS THE PLAN. TO SEE HOW VIDELA HANDLES THE MATTER AT THIS JUNCTURE. HOPEFULLY, WE WILL HAVE GREATER INSIGHTS INTO THE HARDLINERS' PLANS AND PROSPECTS AFTER VIDELA'S PRESS CONFERENCE ON SUBVERSION WHICH IS SCHEDULED LATE AFTERNOON TOMORROW. ANOTHER INDICATOR WILL BE WHETHER VIDELA DEPARTS FOR HIS VISIT

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TO PARAGUAY LATER THIS WEEK. AS SCHEDULED.
(F) THE WAY THE INVESTIGATION HAS BEEN CONDUCTED THUS FAR UNDOUBTEDLY IS A SOURCE OF EMBARRASSMENT FOR THE GOVERNMENT, AND VIDELA MUST BE AWARE OF THE IMPLICATIONS ABROAD. ENOUGH HAS BEEN SAID IN THE PUBLIC RECORD TO SUGGEST THAT THOSE BEHIND THE PROBE MAY BE WILD MEN SEARCHING FOR EVIDENCE TO SUPPORT THEIR PRECONCEIVED NOTIONS. IT MAY BE THAT THEY HAVE SOLID EVIDENCE--ONLY TIME WILL TELL, BUT THE MIDNIGHT ABDUCTIONS AND OTHER PRESSURE TACTICS WHICH WE PRESUME HAVE BEEN USED AGAINST THOSE DETAINED UNDOUBTEDLY WILL JAUNDICE THE INTERPRETATION WHICH THESE DEVELOPMENTS ARE GIVEN ABROAD. FOREIGN CREDITORS PRESUMABLY WILL ALSO BE CONCERNED TO LEARN THAT SOME PART OF ARGENTINA'S FINANCIAL RESERVES ABROAD ARE OF TERRORIST ORIGIN.

2. SEPTEL FOLLOWS WITH MORE DETAILS.
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